Prevention of Unauthorized Sale of Petroleum Products.

Government of Maharashtra
Food, Civil Supplies and Consumer Protection Department,
Mantralaya, Mumbai- 400 032
Email ID: napu27.mhpds@gov.in

No :- Diesel-2021/C.R.66/C.S.27 Date:12th November, 2021

Read:

1. The Petroleum Products (Maintenance of Production, Storage and Supply) Order, 1999.
2. Lubricating Oils and Greases (Processing, Supply and Distribution Regulation) order, 1987.
3. The Solvent Raffinates and Slop (Acquisition, Sale , Storage and Prevention of Use in automobiles) Order, 2000
4. Motor Spirit and High-Speed Diesel (Regulation of Supply, Distribution and Prevention of Malpractices) Order, 2005.
5. Maharashtra Solvent, Raffinates and Slop (Licensing) order, 2007.
6. Ministry of Petroleum and Natural Gas, Government of India, Notification Number P-13039 (18)1/2018-C and P-26825, Dated 30 April, 2019.
7. Ministry of Petroleum and Natural Gas, Government of India, G.S.R. Notification number 395 (E) Dated 30 May, 2019.
8. Food, Civil Supplies and Consumer Protection Department, Government of Maharashtra, letter no Diesel 2021/C.R.66/C.S.27, Dated 23 July, 2021.
9. Food, Civil Supplies and Consumer Protection Department, Government of Maharashtra, letter no Rockel-2020/C.R.82/C.S.27, Dated 18 August, 2021.

Preamble:

Whereas it has been observed that there is mushrooming of sale of various Solvents, Base Oils, Lubricating Oils, and other petroleum products by unscrupulous elements in the name of Biodiesel. It has also been reported that various petroleum products sold under the guise of Industrial Oil are finding its way into the automobile use as a fuel. This is not only affecting the revenue income to the State exchequer but also leading to probable damage to the unsuspecting automobile user/owner.

And whereas, the State Government through the field machinery of the District Magistrate, Food and Civil Supplies officials, State Police and representatives of Oil Companies has taken series of actions towards curbing these illegal activities yet the menace persists. The unscrupulous elements still manage to carry on with activities related to transport, storage, distribution and supply/sale of such unauthorised petroleum products.

And whereas, vide various letters dated 23rd July 2021 and 18th August, 2021, this Department has communicated necessary directions to the field officials regarding it. It is felt that to enhance the effectiveness of action at the field level, certain instructions that are part of various Control Orders by the Central Government as well as State Government need to be highlighted and reiterated.

Therefore, these instructions are circulated for the public interest at large and for the use of public officials to take effective and immediate action, pass appropriate orders and curb the illegal storage, distribution, sale of various petroleum products mentioned in the aforesaid control orders.

<u>Circular:</u>

1. The Ministry of Petroleum and Natural Gas, Government of India has issued following control Orders under the Essential Commodities Act, 1955 by delegating the power of search, seizure etc. The compilation of some of important relevant provisions are reproduced below for ready reference.

1.1 **The Petroleum Products (Maintenance of Production, Storage and Supply) Order, 1999**.

A. **Petroleum Products**:- Means crude oil or any product manufactured out of crude oil or from another petroleum product including Aviation Turbine Oil, Motor Spirit, High Speed Diesel, Liquified Petroleum Gas, Superior Kerosene Oil, Naphtha and Solvent or any derivative.

B. As per clause 9 of the above Order the assigned government officials have powers to stop, enter, search and seizure of Petroleum Products.

1.2 **The Solvent Raffinates and Slop (Acquisition, Sale, Storage and Prevention of Use in automobiles) Order, 2000**.

A. As per Clause (3) of the above Order, no person shall either acquire, store or sell Solvents, Raffinates, Slops or their equivalent and other product, without a license, issued by the State Government or by the District Magistrate.

B. It is stated in sub clause (2) of clause (3) of the Order that no person shall either use or help in any manner the use of Solvents, Raffinates, Slops or their equivalent or other product except Motor Spirit and High-Speed Diesel, in any automobile.

C. Further, as per the sub clause (3) of clause (3), there is detailed provision of furnishing “End-Use Certificates” for sale/trade etc. of Solvents, Raffinates, Slops or their equivalent and other products.

D. Solvents covered under the above order are like SBP, C-9, C-6, Pentane/Iso Pentane, Cixon, Solvent 90, Hexane, Heptane, Resol, NGL, MTO, Aromax, MFO.

E. 10% of the “End-Use Certificates” must be cross verified on monthly basis for the compliance.

F. The clause (2) of the above order defines “other products” as a product other than solvent, raffinate or slop as defined hereunder and or their equivalent, having the power or ability to dissolve in motor spirit and, or the high speed diesel.

1.3 **Motor Spirit and High Speed Diesel (Regulation of Supply, Distribution and Prevention of Malpractices) Order, 2005**.

A. Vide Notification dated 30/04/2021 referred above at No. 5 guidelines for the sale of Biodiesel (B-100) from standalone Retail outlet has been framed under Motor Spirit and High-Speed Diesel Order, 2005 (MS and HSD) Order, 2005 by the Central Government.

B. Further, in the MS-HSD order, 2005 word "petroleum" shall have the same meaning assigned to it in the Petroleum Act-1934.

C. As per the sub clause (f) of clause (2), activities of keeping of Motor Spirit/High Speed diesel, any petroleum product or its mixture without valid sale document issued by oil Marketing Company is defined as "Unauthorized Possession" which is liable to be punished under Section 7 read with section 3 of Essential Commodities Act-1955.

D. As per the Sub clause 4 of clause 3 of Motor Spirit and High Speed diesel Order, no person, other than the dealer/Oil Company shall be engaged in the business of selling Motor spirit/High Speed Diesel.

E. Also as per the sub clause 5 of clause 3 of the said order, no person shall sell or agree to sell any petroleum product or its mixture other than Motor Spirit or High Speed Diesel or any other fuel authorized by the Central Government in any form, under any name, brand or nomenclature, which can be and is meant to be used as fuel in any type of automobile vehicles fitted with spark ignition engines or compression ignition engines.

1.4 **Lubricating Oils and Greases (Processing, Supply and Distribution Regulation) order, 1987.**

A. No person shall carry on the business of any Lubricating Oils or Greases as defined under above Orders, without valid license granted to him under this order.

B. Further, no person shall carry on the business of manufacturing, blending, making etc. for sale of any Lubricating oil/Greases which has been adulterated.

(Website link for above mentioned orders:-
https://mopng.gov.in/en/marketing/distribution

2. Authorized officers are empowered to conduct search and seizure operations with a view to securing compliance with the provision of the above-mentioned orders or for the purpose of satisfying himself that the order or any order made thereunder has been complied with. The provisions of section 100 of the Criminal Procedure, 1973 (2 of 1974), relating to search and seizure shall, as far as may be, apply to searches and seizures.

3. The control order also specifies the process of Sampling and Testing by the Authorised officials. The officials are directed to ensure that the sampling process is scrupulously followed and the test report obtained from the NABL accredited labs in consultation with the officials of the Petroleum companies. The lab report, among other things, be invariably obtained to establish if the petroleum product in

question falls under the definition of “other products” as defined in clause 2 of control order at Serial No 3 and/or whether the “petroleum product or its mixture under any brand or nomenclature” can be used as fuel in any type of automobile vehicles fitted with spark ignition engines or compression ignition engines (clause 5(3) of control order at Serial No. 4).

4. According to lab reports if the product in question falls under the definition of Petroleum product or other products or any other product in contravention of Government control orders, then the District Collectors should immediately dispose it off in coordination with district level coordination officer of oil companies following the due procedure.

5. The District Collector is also directed to ensure that the outlets operating in their jurisdiction have the requisite permissions and licensing. The revenue machinery is directed to ensure that the outlets also have requisite non-Agriculture permission and are operating strictly within the permissible terms and conditions of the NA order. In addition to the prescribed “End Use” certification requirements, installation of CCTV cameras with storage infrastructure of one month data to capture the sale transaction at the dispensing unit be made mandatory.

6. District Collector in coordination with Superintendent of Police, the Commissioner of Police in Commissionerate Areas, officials from Transport Department, petroleum company officials, etc. are requested to further strengthen their inspection machinery/system so as to ensure the check/inspection to be carried out and stringent actions to be taken against errant persons/ entities/ organization/companies etc.

7. The Weights and Measures officials are directed to ensure that their certification and stamping does not precede the sanctions and approvals from the District Collector as well as the State Government where necessary.

8. It is instructed to take necessary action immediately and curb the unauthorized sale of spurious products for use as fuel in automobiles whether in the name of Biodiesel or under the guise of Industrial use/sale, through Retail Outlets/Mobile Dispensing Units which are being operated in contravention of the various control orders.

9. The Action Taken Report (ATR) required to be furnished on daily basis through the office of Deputy Commissioner (Supply) Food and Civil Supplies.

10. Top-priority may please be accorded, as the action taken at the field level will be reviewed at the State Level from time to time.

11. The circular is reiteration of existing Central and State Governments control orders collated in a way to ensure effective and coordinated action at the field level. All concerns shall abide by these instructions.

12. This Circular has been made available on the website of the Government of Maharashtra www.maharashtra.gov.in and its reference number is 202111121614132106. This circular is being issued with digital signature attestation.

By Order and in the name of the Governor of Maharashtra.

Digitally signed by Tatoba Maruti Kolekar
Date: 2021.11.12 16:18:23 +05'30'

(T. M. Kolekar)
Joint Secretary,
Government of Maharashtra

Copy:-

1. The Chief Secretary, Government of Maharashtra, Mantralaya, Mumbai.
2. Additional Chief Secretary, Home Department, Mantralaya, Mumbai.
3. Additional Chief Secretary, (Revenue) Revenue Department, Mantralaya, Mumbai.
4. Additional Chief Secretary, Transport and Ports, Mantralaya, Mumbai
5. Principal Secretary, Environment Department, Mantralaya, Mumbai
6. Secretary, Food, Civil Supplies and Consumer Protection, Mantralaya, Mumbai, Maharashtra.
7. Director General of Police, Mumbai, Maharashtra.
8. Controller, Weights and Measures, Mumbai, Maharashtra.
9. Controller Of Rationing & Civil Food Supply, Mumbai, Maharashtra.
10. Divisional Commissioners (All)
11. All District Collectors.
12. Transport Commissioner, Mumbai, Maharashtra .
13. Commissioner of Police (All)
14. Private Secretary to Hon. Chief Minister, Mantralaya, Mumbai, Maharashtra.
15. Private Secretary to Hon. Deputy Chief Minister, Mantralaya, Mumbai, Maharashtra.
16. Private Secretary to Hon. Home Minister, Mantralaya, Mumbai, Maharashtra.
17. Private Secretary to Hon. Revenue Minister, Mantralaya, Mumbai, Maharashtra.
18. Private Secretary to Hon. Environment Minister, Mantralaya, Mumbai, Maharashtra.
19. Private Secretary to Hon. Food, Civil Supplies and Consumer Protection Minister, Mantralaya, Mumbai, Maharashtra.
20. Private Secretary to Hon. Food, Civil Supplies and Consumer Protection State Minister, Mantralaya, Mumbai, Maharashtra
21. All District Superintendents of Police.
22. All Deputy Commissioner (Supply)
23. All District Supply Officers.
24. State Level Coordinator, Oil Company, Mumbai, Maharashtra.
25. Select File (C.S.27).